



Panhandle News

BENEWAH, BONNER, BOUNDARY, KOOTENAI & SHOSHONE COUNTIES

ECONOMIC TRENDS

Kootenai County continues to enjoy substantial job growth, adding 2,460 nonfarm payroll jobs between June 2005 and June 2006 as shown in Table 1. Four years of strong job creation has pushed the county's unemployment rate below 4 percent, making it difficult for many employers to recruit workers.

The four other counties in the Panhandle also have experienced strong job growth and falling unemployment rates. Their joint unemployment rate in June was 5.5 percent. Throughout the region, construction firms, manufacturers, landscaping companies and other businesses are complaining about difficulties recruiting and keeping workers.

Construction continues to boom in the Panhandle, although there are some signs that residential building is starting to slow and real estate prices may have reached a plateau.

The tourism industry is hosting a record number of visitors, and tourism employment is running about 3 percent above last summer.

With silver prices hovering around \$12 an ounce, their highest level since 1981, mines in Shoshone County and corporate headquarters in Kootenai County are adding jobs.

Manufacturing, especially in Bonner County, has been wowing the region with its job creation over the last three years. Labor shortages, upward wage pressure, rising energy prices and higher financing costs are beginning to curtail that expansion. Wood products, which provides more than one-third of the manufacturing jobs in the Panhandle, is being squeezed by near-record high log prices and falling lumber prices as demand drops in the face of rising mortgage rates that are reducing U.S. housing starts.

Panhandle Table 1: Coeur d'Alene MSA Labor Force & Employment
Kootenai County

	Jun 2006*	May 2006	Jun 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	69,410	70,140	68,020	-1.0	2.0
Unemployed	2,610	2,550	2,790	2.4	-6.5
% of Labor Force Unemployed	3.8	3.6	4.1		
Total Employment	66,800	67,590	65,230	-1.2	2.4
Unadjusted					
Civilian Labor Force	70,550	69,810	69,290	1.1	1.8
Unemployed	2,180	2,120	2,320	2.8	-6.0
% of Labor Force Unemployed	3.1	3.0	3.3		
Total Employment	68,370	67,690	66,970	1.0	2.1
JOB BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	56,220	54,980	53,760	2.3	4.6
Goods-Producing Industries	11,310	10,940	10,500	3.4	7.7
Natural Resources & Mining	500	470	450	6.4	11.1
Construction	6,130	5,860	5,440	4.6	12.7
Manufacturing	4,680	4,610	4,610	1.5	1.5
Wood Product Manufacturing	1,030	1,040	1,030	-1.0	0.0
Other Manufacturing	3,650	3,570	3,580	2.2	2.0
Service-Providing Industries	44,910	44,040	43,260	2.0	3.8
Trade, Transportation, & Utilities	10,000	9,870	9,570	1.3	4.5
Wholesale Trade	1,420	1,410	1,330	0.7	6.8
Retail Trade	7,550	7,480	7,220	0.9	4.6
Transportation, Warehousing & Utilities	1,030	980	1,020	5.1	1.0
Information	990	980	1,010	1.0	-2.0
Financial Activities	2,930	2,870	2,730	2.1	7.3
Professional & Business Services	6,460	6,290	6,130	2.7	5.4
Educational & Health Services	5,590	5,560	5,250	0.5	6.5
Leisure & Hospitality	8,050	7,420	7,910	8.5	1.8
Other Services	1,510	1,520	1,450	-0.7	4.1
Government Education	3,400	3,730	3,360	-8.8	1.2
Government Administration	5,260	5,090	5,150	3.3	2.1
Government Tribes	720	710	700	1.4	2.9

* Preliminary estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

The Coeur d'Alene Tribe, whose reservation covers eastern Benewah County and part of southern Kootenai County, and the Kootenai Tribe, whose reservation is in Bonners Ferry, continue to be job powerhouses. With more than 700 jobs at the Coeur d'Alene Casino in Worley and more than 500 jobs at its headquarters, medical center, school and retail operations in Benewah County, the Coeur d'Alene Tribe is one of the region's largest employers. Next month's newsletter will include a description of the tribe's continuing economic development efforts. The Kootenai Tribe employs about 180 people at its inn and casino in Bonners Ferry and 60 more at its headquarters and sturgeon hatchery.

AREA DEVELOPMENTS

Inviting More Tourists to the Panhandle

The Idaho Travel Council recently approved 37 grant applications for the money collected from Idaho's 2 percent tax on hotel, motel and campground accommodations. It awarded \$519,829 to six Panhandle organizations. The Coeur d'Alene Area Chamber of Commerce received \$293,029; Greater Sandpoint Chamber, \$78,320; North Idaho Tourism Alliance, \$71,500; Post Falls Chamber of Commerce, \$67,980; Idaho Outfitters and Guides Association, Northern Chapter: \$5,000; and Idaho RV Campgrounds Association, Northern Chapter: \$4,000. The organizations will use the funding to promote the area in hopes of bringing even more tourists next year. In the last few year years, the number of tourists has been growing rapidly. In the fiscal year ending June 30, receipts of hotels, motels and private campgrounds in the Panhandle totaled \$64.1 million, up 9.3 percent from \$58.7 million in the previous fiscal year.

Sunset magazine is assisting the travel groups with their goals of increasing tourism. Its June issue described three Panhandle lakes — Coeur d'Alene, Pend Oreille and Priest — as deep, blue and full of kayaks, yachts and everything in between. The article continues, "Along the green shores, towns draw visitors to high-end resorts, restaurants and lakefront bicycle trails." The article and a companion piece feature resorts, inns, restaurants and tourist attractions.

Sunset's July issue contains an article about the Trail of the Coeur d'Alenes, the 72-mile recreational trail over an old railroad bed stretching from Mullan in the Silver Valley through Harrison along Lake Coeur d'Alene to Plummer in Benewah County. According to Leo Hennessy of Idaho Department of Parks and Recreation, it is the longest continuous paved trail in the United States. Sunset's rave review says the trail gives a "huge boost to North Idaho's growing reputation as one of the West's best cycling destinations."

The trail also received publicity in July from an Outdoor Idaho episode about the state's best bicycle trails. The episode premiered July 20 on all of Idaho's public television stations.

Great publicity about a region endowed with scenic beauty and outstanding recreational opportunities, along with the continual addition of new attractions, explains much of the increase in tourism during the last four years. Another factor bringing more visitors is the rising value of the Canadian dollar, widely called the loonie, relative to the U.S. dollar. In 2002, the Canadian loonie fell to its lowest value ever — 62 U.S. cents. By July 2004, it was worth 76 cents. With their increased buying power, more Canadians came to visit the Idaho Panhandle. By this July, the loonie was worth 89 cents.

The last time its value peaked, in October 1991, the loonie also was worth 89 cents. No wonder Canadians are visiting the region in numbers it hasn't seen since the early 1990s. Silverwood, the theme park along U.S. Highway 95 between Coeur d'Alene and Sandpoint, says the number of Canadian visitors there is running 30 percent above last summer.

Broadband Access in Rural Communities

Gov. Jim Risch recently awarded \$4.9 million to four companies to extend broadband access to up to 50,000 new users in rural communities. The companies must match each grant with cash. In the Panhandle, Verizon received \$452,000 to serve nearly 8,000 potential broadband subscribers in the Silver Valley and the communities of Athol, Bayview and Harrison. State officials said the grants will enable companies to provide affordable broadband service to rural communities by reducing the upfront cost of delivery. Broadband access improves the quality of life, enhances educational opportunities and makes it easier to attract businesses.

Benewah County

- In July, Potlatch Corp., owner of the St. Maries River Railroad, announced that it plans to repair the trestle that collapsed on April 24, disrupting train service to St. Maries. With the railroad unable to transport lumber and other products from St. Maries to the Union Pacific railhead in Plummer, the Potlatch lumber and plywood complex, Regulus Stud Mill and other local businesses saw their business costs soar. The rise in truck traffic also has the potential to greatly increase road maintenance costs. Regulus has been forced to intermittently lay off its workers for a week or so at a time because it could not ship its product out quickly enough. About 20 railroad workers were laid off most of the time between April 24 and the July announcement of the plans to repair the trestle. The temporary employment disruptions pushed Benewah County's unemployment rate up from 6.6 percent in April to 8 percent in June. St. Maries residents are delighted that Potlatch has decided to repair the trestle and resume rail service.
- Hills-a-Bean Espresso recently opened near the levee on Railroad Avenue in St. Maries. Serving lattes, other coffee drinks, teas, smoothies, Italian sodas, candy, sandwiches and wraps, the 10 x 14 foot shop serves drive-up customers from 4 a.m. to 8 p.m. Later this summer, owner Chris Hill plans to add outside tables and umbrellas.

Bonner County

- Quest Aircraft, which opened at the Sandpoint airport in late 2002 with 35 workers, is getting ready

for take off. Quest has been developing the Kodiak, a single-engine bush plane that can land on grass airstrips. Designed to carry missionaries, humanitarian relief teams or cargo into some of the world's most difficult spots, the Kodiak also will be suitable for executives. The firm expects to receive Federal Aviation Administration certification later this year for the versatile Kodiak. Once it receives certification, Quest will start full production and double employment from its current 75 workers to 150 workers. The state of Idaho has agreed to provide \$75,000 in Workforce Development Training Funds to help Quest with the cost of training the new workers. To qualify for state training dollars, companies must pay at least \$12 per hour and provide health insurance.

- Three years ago, the national media "discovered" Sandpoint. Since then, Sandpoint can't seem to go more than a couple of months without being mentioned in some national publication as a desirable place to live. BusinessWeek recently published an article titled "Beyond Florida and Arizona: Wisconsin, Idaho and Georgia Offer Great Places to Retire." Here are some excerpts: "First-time visitors to Sandpoint realize they have entered another world when they cross the bridge that spans the glacier-blue expanse of Lake Pend Oreille. It's there they catch a glimpse of the charming town nestled beneath the mountains of northern Idaho.... With the Schweitzer Mountain ski resort just 12 miles away and a lake that offers boatloads of recreational opportunities, Sandpoint has long attracted outdoor enthusiasts.... Affluent retirees and second-home owners from the West and as far away as Louisiana have begun flocking to the town and surrounding Bonner County.... More than just a town for nature lovers, Sandpoint also offers classic car shows, art galleries, restaurants, wine tastings and plays and movies at the historic Panida Theater."
- IDAHO magazine featured Priest River as the Spotlight City in its August issue. The article describes the town's timber heritage, attractions and its promising future. Between 1990 and 2005, Priest River's population grew 20.3 percent from 1,560 to 1,877. Bonner County's four largest lumber mills all are in the greater Priest River area. Together, they directly employ 630 people. In addition, they supply work to more than 140 loggers. Mill and logging employment has declined somewhat from the peak in the early 1990s. In 1991, five large mills employed 700 people, and nearly 200 loggers worked in the area. The Priest River Development Corporation's industrial park is the home to several manufacturers, employing about 120 people. Priest

River and Priest Lake also are highly attractive places for touring, summer residence or retirement living. In the June issue of Sunset magazine, Teri Hill, owner of Hill's Resort on Priest Lake, said, "Each year people arrive in the lobby, look out at the lake, sigh and say, 'I'm home.'"

- The Brass Alley is downtown Priest River's newest store. Located in an historic building, the gift shop includes a café offering espresso drinks, ice cream, hot dogs, popcorn and other snacks.
- With a dozen housing developments under way in the Sandpoint area, including the massive 500-home Dover Bay development, Avista Utilities is expanding its electrical capacity. It plans to build a \$1 million, 115,000-volt substation near Sagle, a village about 10 miles south of Sandpoint. The substation on Gun Club Road, just west of U.S. 95, will be able to meet the electricity needs of 13,000 homes when it is completed in spring 2007.

Boundary County

- Riley Creek Lumber temporarily laid off half of the workers at its Moyie Springs mill on July 24. The 65 mill workers will not go back to work for at least 60 days. Riley Creek blamed falling lumber prices and high log prices. Rising interest rates have slowed U.S. construction activity, putting downward pressure on lumber prices. Random Length reported the composite price for framing lumber was \$302 per thousand board feet in the last week of July, below \$345 in the same week the year before and far below its most recent peak of \$473 in August 2003. When lumber prices fell below \$300 in 1992 and 2000, many mills in the Panhandle temporarily shut down, experienced large permanent layoffs or even closed.
- The city of Moyie Springs recently received a \$500,000 Rural Economic Development Block Grant to replace the town's current 200,000-gallon water storage tank with a 300,000-gallon tank by April 2007. As well as providing more water for the town's 730 residents, it allows better fire suppression at the Riley Creek mill.
- The city of Bonners Ferry also received a grant to expand its water system. A \$391,600 grant will pay the engineering costs for a new 500,000-gallon water reservoir to serve the city's 2,730 residents.
- North Idaho College recently hired Christine Callison as educational resource coordinator at the Bonners Ferry outreach center it will open in September. The center will offer vocational and college classes to local residents, custom-design courses to assist employers with training workers, work-

shops as requested by community leaders and courses to help adults who did not complete high school earn general equivalency diplomas, or GEDs. Boundary Economic Development Council, the Kootenai Tribe, the city of Bonners Ferry, Boundary County and Idaho Commerce & Labor worked with the school to make the outreach center possible. The availability of college classes should make the county more attractive to high-tech businesses as well as help existing businesses thrive by providing better-trained workers.

- Bonner Foods Inc., a Bonners Ferry based company, recently agreed to purchase three Tidyman's grocery stores — two in Spokane and one in Post Falls. The Tidyman's chain put all its grocery stores on sale earlier this year. Bonner Foods plans to keep all of the stores' 225 employees. Besides owning Boundary County's largest retailer, the Boundary Trading Co. grocery store, it also owns a store in Cheney, Wash. Owners Gary Morgan and Paul Matejovsky plan to operate the stores under the banner of Trading Co. Stores, Food and Drug, and provide high-quality fresh products, competitive pricing and outstanding customer service.

Kootenai County

- A new Holiday Inn Express opened in July in Coeur d'Alene. The \$7 million hotel includes 101 guest rooms, a pool, a fitness center and a 24-hour business center. It employs nearly 30 people.
- Seven months after CityLink began offering free bus service on the Coeur d'Alene Reservation and in the greater Coeur d'Alene-Post Falls area, it began offering free bus service to Rathdrum, a city of 5,800 residents 12 miles northwest of Coeur d'Alene. A bus picks up people at the Rathdrum Super 1 Foods and stops at the Post Falls Wal-Mart, where it ties into the rest of the CityLink system. Before Rathdrum was added, CityLink was giving about 14,000 rides a month. The current service to Rathdrum is just a test run and will continue through the end of August. To continue the service, the city of Rathdrum will need to pay \$4,500.

- Just Because Fashions & Gifts, a 2,000 square-foot store selling women's clothing and accessories, recently opened in the new Hayden Creek Retail Center in Hayden.
- Fast-growing Post Falls is adding restaurants. Currently, Post Falls has 32 restaurants employing about 570 people. Six years ago, it had 25 restaurants employing about 450 people. A 24-hour Del Taco restaurant with a children's play area and drive-through opened in late July. The Blue Bay — a 9,500 square-foot restaurant serving breakfast, lunch, seafood and steak dinners and cocktails — will open this September.
- The Sunset Bowling Center in Coeur d'Alene reopened in August. Before it closed in 2004, 1,500 bowlers participated in leagues at the bowling alley. The nearest bowling alleys are at the Triple Play entertainment complex in Hayden and the River City Lanes in Post Falls.

Shoshone County

- U.S. Silver Corp., the new owners of the Galena Mine, plans to hire 30 additional employees to explore for more ore. That would bring the mine's employment to 200. Since taking ownership on June 1, the company has located three veins containing silver and copper 4,600 feet underground.
- San Felipe's Mexican Restaurant opened in early July in Kellogg. Serving classic Mexican dishes and a variety of vegetarian items, the restaurant is owned by chef Stephen Snyder.
- After 80 years of serving Wallace, Fonk's General Store closed July 24. It was the last survivor of a chain of 13 five-and-dime stores that once served Moscow, Sandpoint, Wallace and various cities in Washington and California. Three people worked at the store. The new owners of the Fonk's building are not ready to announce what they plan to do with it.

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